



## Q2 2024 Commentary

Canadian ETF assets increased by 5.7% over the second quarter of 2024 and by 26.6% year-over-year. Continuing the upward trend, assets have now reached \$455.2 billion at the end of June 2024, achieving a new peak and reinforcing prior gains. Total net creations for the Q2 2024 also soared to a record high of \$20.6 billion, a 48.4% increase from the previous quarter. June was the best-selling month of the quarter, which saw monthly net creations of \$10.5 billion.

Equity, the largest ETF category, tallied \$9.6 billion in quarterly net creations, where over 40.4% of these sales were garnered in the first month of the quarter, attracting \$3.9 billion in April 2024. Looking at the sub-asset class composition, US equity mandates led the way, with net creations tallying \$2.7 billion over the quarter, while Canadian equity mandates followed with \$2.5 billion. Global equities rounded out the top three with \$2.0 billion. The five best-selling sector equity ETFs in Q2 2024 accounted for a combined total of \$952 million of positive net creations, of which technology alone represented 60.9% of sales.

Fixed income, the second-largest ETF category, attracted \$8.9 billion in net creations. Investment grade bond funds were responsible for the lion's share of net sales, as mix and corporate bond funds outsold the broader category with \$3.9 and \$ 3.6 billion in quarterly net creations, respectively. Government bond funds finished Q2 with a total of \$783 million in net creations. Meanwhile, high-yield bond ETFs ended the quarter with \$593 million in net redemptions.

Focusing on ETF sponsors, 28 out of 42 registered positive net creations over Q2 2024, with BMO Asset Management in the lead at \$8.3 billion in net creations, sponsoring 8 out of top 10 best-selling ETFs during Q2 2024 with a total of \$8.9 billion of total sales. Vanguard Canada accounted for \$3.1 billion, while BlackRock Canada brought in \$2.2 billion in quarterly net creations.

Looking at product development, Q2 2024 saw 59 ETFs added to the Canadian exchange. In terms of asset class composition, the quarter's launches continued favouring equities, as 37 funds had equity mandates, while fixed income mandates had 19 ETFs. Global X Investments Canada Inc. was the most prolific fund sponsor, with 17 ETF launches for Q2 2024, while RBC Global Asset Management and TD Asset Management launched eight and six ETFs, respectively, over the quarter.

By: Investor Economics